
From: Donald C. Strimbeck
To: McFadden, Angela; Bill Byrne; Bill Schuller; Bill Wyant; Bob Ventorini; Bob Wells Zinka-Ent Inc; Brent Wiles; Bryan Moore; Charlie Byrer; Constance Miller; Cookie Coombs GMCVB; Curtis Meeder; Cynthia Loomis; Daniel Soeder; Dave Bean; Dave Johnson; David Wellman; Deb Fulton; Don Garvin; Don Spencer; Ed Wade; Emily Perrotta; Erin Halloran; BORSUK, FRANK; Greg Bellich; Jason Walls; Jerald Fletcher; Jerod Harman; Jim Ammer; Jim Evans; Jim Sconyers; Joe Lapcevic; John Duarte; John Duda; John Eleyette; John Flynn; Forren, John; John M. Angiulli MEPCO; John M. Love; John Snyder; John Yesenosky; Capacasa, Jon; Joseph Swearman; Merrill, Larry; Leroy Stanley; Reynolds, Louis; Nelson, Mark; Melissa O'Neal; Mike Manypenny; Mike Withers; Patrick Campbell; Paul B. Brown; Paul Hamrick; Peggy Sue Miller; Richard Collier; Richard Walters; Robert Sheedy; Ryan Dean; Scott The Missing Link Link; Skip Pratt; Steve Garvin; Werner Loehlein; Richardson, William
Sent: 8/7/2013 4:47:20 AM
Subject: Fw: DAILY UPDATE 7 August 2013. News of interest to Mon river watershed denizens.
Attachments: DUNKARD CREEK-7AugY2K13.doc

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Upper Mon River Assoc
UpperMon.org
MonRiverSummit.org
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----- Original Message -----

From: Donald C. Strimbeck

To: Dave Cassell ; Aaron Williams ; Amelia Plank ; Ashley Petraglia ; Bene Bonfilii ; Bill Weiss ; Bill Yahner ; Bonnie Hall ; Brent Cassell ; Brian K. Parker ; Brian Osborn ; Bruce Edinger ; Candace Jordan ; Carol Mapstone ; Casey Griffith ; Casey Junkins ; Chip West ; Chuck Wyrostok ; Cindy Ashworth ; Connie Watson ; David Beard ; Erich Emery ; Estelle Lombardi ; Frank Blaskovich ; Garry Berti ; George Racin ; Glen Kelly ; Gregory A. Niverth ; Horse Park USA ; Howard Clark ; Jack Thompson ; Jannette Barth ; Jay Bucklew ; Jennifer Lynn ; Jessica H. Greathouse ; Jim Snyder ; Joe Gorman ; John Goldwasser ; John King ; John Lozier ; John Wirts ; Joyce Johnston ; Julie Archer ; Kathleen Cash ; Kevin Coyne ; Kevin Logan ; Kevin Yokum ; Kitty Lozier ; Leigh Ann Keener ; Leigh Cedar ; Louanne Fatora ; Marigrace Butela ; Martha Schwab ; Mary Rae Benson ; Mike Buchanan ; Patti Miller ; Peter Cuffaro ; Renee Jensen ; Rich Dennis ; Rich Rodriguez ; Rick Humphreys ; Robert Vagnetti ; Rose Edington ; Sandra Fallon ; Senator Jack Yost ; Sera Janson Zegre ; Shari Wilson ; Sophie Cash-Goldwasser ; Teresa Crane ; Tom & Barbara Bartlett ; Tom Bond

Sent: Wednesday, August 07, 2013 4:45 AM

Subject: DAILY UPDATE 7 August 2013. News of interest to Mon river watershed denizens.

DUNKARD CREEK-7AugY2K13

Creek group opposes well plan

Sees a threat to Deckers stream; meeting Aug. 22

BY DAVID BEARD

The Dominion Post

Friends of Deckers Creek (FODC) is opposing a proposed underground injection well in Preston County — citing the potential for watershed contamination.

FODC plans various activities to oppose the plan, including a public discussion Aug. 22, at WVU.

The proposed well is an out-of-service conventional gas well that Energy Corporation of America (ECA) is considering repurposing as an injection well (called UICs, for underground injection control), said Kyle Mork, ECA chief operating officer.

The proposed well is outside Masontown, FODC Executive Director Liz Wiles said, about 500 feet from the creek, near the intersection of the Deckers Creek Trail and Sand Bank Road.

The Environmental Protection Agency (EPA) explains that UICs receive various types of waste fluids injected under high pressure — in this case, it would be frack water no longer suitable for natural gas production.

The state Department of Environmental Protection (DEP) said ECA hasn't yet applied for a UIC permit. Wiles said ECA graciously approached the group in advance to notify it of the proposal. "We're happy they came to us ahead of time to let us know."

In a July 30 letter to ECA, FODC cites several reasons for opposing the plan, including:

The well threatens the area's groundwater through possible spills, leaks and well casing failures.

The site is 10 miles from an active seismic epicenter that could produce new fault lines.

It's located atop a convex geological fold, and wastewater could migrate down toward Masontown city water, the Masontown mine pool and Deckers Creek.

Truck traffic to the site could possibly use the road to the rail-trail parking area and cross the rail-trail — potentially disrupting and despoiling recreational uses.

The letter says the group appreciates ECA's openness in sharing its plans. "However, FODC has worked hard to restore, preserve and promote the watershed, and we must oppose any action that threatens Deckers Creek, the Deckers Creek Rail Trail and the community."

Wiles told The Dominion Post this letter doesn't constitute a blanket opposition to injection wells — just to this one.

The public discussion at WVU — part of the regular FODC outreach meeting, 6:30-9 p.m. Aug. 22, at the Agricultural Science Building, Room 101 — will include an overview of FODC's protest plans. Wiles said those are still in the works.

ECA response

Mork said ECA received FODC's letter last week.

He said in an email exchange, "We worked to establish lines of communications with the FODC. We offered, should we complete the investigative process and move forward with the project, to include them in our planning, our water sampling results, and our reporting process.

"Because of these efforts to be upfront and transparent, we are particularly discouraged to receive this letter before the FODC received concrete information about the proposed well and disappointed that they chose to interrupt the channels of communication we were working diligently to build with them.

"We understand if the FODC has questions about the proposed project," Mork continued, "however we would have appreciated it if they had raised these questions and considered our responses prior to taking a negative public position on the potential well. Nevertheless, as we do with all of our communities and stakeholders, we will make efforts to keep the FODC informed about the project, should it progress."

Mork explained that they are conducting exploration activities to determine if this project is worth pursuing.

"Once we complete the exploratory phase of the project, which should be sometime this fall, we will determine if we will submit a permit application to the DEP for this project."

The timing of the permitting process is up to the DEP, he said. Following that, "We anticipate construction activities to take three to six months."

Mork said ECA met in May with several Preston County community leaders, Wiles and other representatives to let them know they'd be exploring the project this summer. "We also indicated we will return to Preston County in fall with the results of our research. ... As we have not yet finished the exploratory phase of the project, the FODC is premature in their objections. And we are confident that all of the concerns they raise are either unfounded or manageable."

Mork also supplied responses to the primary objections.

"The assumption that the project would have an inevitable impact on Deckers Creek is unfounded," he said. "ECA is committed to pursuing this project in an environmentally responsible manner — as we are with all of our projects. Therefore, multiple safeguards and containment systems would be in place to avoid any potential releases to the environment."

Regarding the seismic epicenter, Mork said ECA has been operating this well for decades. "We have a strong understanding of its drainage volume and reservoir pressure and we have great insight into where fluid will travel

once it would be injected. We have a solid understanding of the geology of the region and have conducted extensive modeling as part of our exploratory activities. Under no circumstances do we anticipate injected fluid to migrate more than one mile from the well bore.

“Threats to groundwater would be well managed,” he said. The well and potential injection zone is more than 7,000 feet deep. The Greenbrier limestone is at 1,040 feet and groundwater sources are shallower still. “Throughout our research, we have found absolutely no evidence that there are any faults migrating within thousands of feet of water sources. Therefore, there is simply no path of migration between the well and groundwater sources.”

Along with layers of containment, he said, there will be safeguards in place to automatically shut down the well should any weakness be detected in the wellbore. “We are working now to assess the integrity of the casing of the well and will only proceed with the project if the casing proves to be entirely competent and the well a viable candidate.”

Mork said ECA will do water tests to establish a water quality baseline, and will conduct regular and extensive monitoring throughout the life of the project.

The location of the potential access road to the site hasn’t been determined, so “concerns about specific truck traffic and access to recreational destinations are premature. Regardless, residents can rest assured that when operating at full capacity, we would expect fewer than 10 trucks per day to visit this facility. This translates to a very small fraction of the traffic that moves through the area every day.”

Concerning seismic activity in the area, Mork noted that the well is close to the Mont Chateau seismic monitoring station, and they will be able to respond quickly.

ECA operates the same type of injection well in Montana, near Yellowstone, with no environmental impacts, he said. “We understand, and are highly sensitive to being environmentally responsible in all of our operations — and this proposed project is no different.”

----- Original Message -----

From: Stan Scobie

To: cog@lists.earthworksaction.org

Sent: Tuesday, August 06, 2013 10:39 AM

Subject: [COG] EPA: Updated VOC Performance Standards for Storage Tanks

Stan Scobie, Binghamton, NY, 607-669-4683

<http://www.epa.gov/airquality/oilandgas/actions.html>

Updated VOC Performance Standards for Storage Tanks

August 5, 2013 – EPA issued final updates to its 2012 VOC performance standards for storage tanks used in crude oil and natural gas production and transmission. The updates will ensure the tanks likely to have the highest emissions are controlled first, while providing tank owners and operators time to purchase and install VOC controls. The amendments reflect recent information showing that more storage tanks will be coming on line than the agency originally estimated.

- [Final Rule \(PDF\)](#) (185pp, 370k)
- [Fact Sheet \(PDF\)](#) (5pp, 106k)

=====

FINAL UPDATES TO REQUIREMENTS FOR STORAGE TANKS

USED IN OIL AND NATURAL GAS PRODUCTION AND TRANSMISSION

Storage tanks are used to temporarily hold liquids produced during the production and

transmission of oil and natural gas. These storage tanks can emit ozone-forming volatile organic

compounds (VOCs), along with several toxic air pollutants, including benzene.

Storage tanks

used in oil or natural gas production, and transmission are subject to EPA's 2012 New Source

Performance Standards (NSPS) for VOCs if they have the potential to emit 6 or more tons of VOCs a year.

ACTION

- On Aug. 2, 2013, EPA updated its 2012 performance standards for oil and natural gas to address VOC emissions from storage tanks used by the crude oil and natural gas production industry. The updates will ensure the tanks likely to have the highest emissions are controlled first, while providing tank owners and operators time to purchase and install VOC controls. The amendments reflect recent information showing that more storage tanks will be coming on line than the agency originally estimated.

- All tanks subject to the NSPS must control VOC emissions by 95 percent or meet the alternative emissions limit EPA is finalizing today.

- The updates:

- o phase in the date by which storage tanks must install VOC controls;
- o establish alternative emission limits for tanks where emissions have declined;
- o clarify test protocols for control equipment;
- o clarify the types of tanks subject to the rule;
- o streamline compliance monitoring requirements to ensure leaks are repaired while

EPA addresses monitoring issues raised in reconsideration petitions; and

- o adjust requirements for submitting annual reports.

- The updates respond to issues raised in several petitions for reconsideration of the 2012

standards. EPA is continuing to evaluate other issues raised in the petitions.

----- Original Message -----

From: dsborowiec@aol.com

To: dsborowiec@aol.com

Sent: Wednesday, August 07, 2013 12:38 AM

Subject: Landowners Say Range's Fracking Tainted Groundwater

Pa. Landowners Say Range's Fracking Tainted Groundwater

By **Matt Fair**

Law360, Philadelphia (August 05, 2013, 3:11 PM ET)

A group of western Pennsylvania landowners last week blasted the state Department of Environmental Protection's decision permitting Range Resources Corp. to begin hydraulically fracturing two gas wells at a Washington County site despite an ongoing dispute over alleged groundwater contamination from a third well already operating there.

In an appeal filed with the state's Environmental Hearing Board on July 30, the three landowners said DEP had issued drilling permits for two wells at the so-called Yeager site in Washington County despite continuing allegations that a Range-operated well drilled at the site in 2009 had led to groundwater contamination affecting several area residents.

The appeal said there was evidence showing that an impoundment used to store water, drilling fluids, and other chemicals had leaked into the ground on several occasions in 2010 and 2011, and that there had been a slew of other violations of state environmental regulations at the site.

"The department's issuance of the Yeager permits in light of this evidence of contamination was clearly done in error," the appeal said. "There are ongoing department investigations into Range's activities at the Yeager site, including an ongoing investigation into the leaking of the Yeager impoundment, and open violations that should be forthcoming, including the confirmed contamination of ... drinking water sources."

The appeal said that the state's Oil and Gas Act allowed the DEP to reject permit applications when operators had previously been found in violation of environmental rules.

"The Oil and Gas Act allows for the denial of a permit when an application [is] 'in continuing violation' of the Oil and Gas Act or any other statute or regulation administered by the department," the appeal said. "Further activity should be prohibited."

The initial well at the Yeager site was drilled in 2009, according to EHB documents, and was subsequently fracked. Despite a series of spills which the landowners say DEP never punished Range for, the company sought permits to start drilling two additional wells on the property in April.

Over the landowners' objections, DEP approved the permits in June.

The appeal said that Range had already been hit with at least one DEP violation over its operations at the site. In April 2010, the appellants said, Range was issued a notice of violation for failing to properly control or disposed of well-related fluids.

The Yeager site is already the subject of **at least one other appeal** before the EHB. Loren Kiskadden launched an appeal with the board in October 2011 after the DEP denied his request for an alternative water source to be installed on his property following a series of tests that showed elevated levels of iron, manganese and methane in his water supply.

According to EHB filings, Kiskadden's water turned gray and started foaming after drilling operations at Range's adjacent Yeager impoundment began. However, the department said its tests determined that the Yeager site was not the source of Kiskadden's water contamination.

Separately, the appellants — along with several other area landowners, including Kiskadden — are locked in litigation with Range in a case currently pending in the Washington County Court of Common Pleas seeking damages stemming from the alleged contamination, according to court records.

A spokesman for Range did not immediately return a message seeking comment on Monday.

The appellants are represented by Kendra Smith of Smith Butz LLC.

Counsel information for DEP and Range Resources was not immediately available Monday.

The case is Stacey Haney et al. v. Pennsylvania Department of Environmental Protection et al., case number 2013-112 before the Pennsylvania Environmental Hearing Board.

--Editing by Rebecca Flanagan.

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----- Original Message -----

From: Betty Wiley

To: Sent: Tuesday, August 06, 2013 9:58 PM

Subject: Fwd: Mon Moon Potluck at Marina 8/18, noon-11pm

----- Forwarded message -----

From: **Peggy Pings** <mpings@wvu.edu>

Date: Tue, Aug 6, 2013 at 8:14 PM

Subject: Mon Moon Potluck at Marina 8/18, noon-11pm

To: peggy.pings@gmail.com, twinsprucemarina@gmail.com

Hi River Friends,

Please help spread the word, and come if you can!
Open to family, friends and friends of friends.

Hope you can come on out.
Bring musical instruments, swim suit, a dish to share.

Flyer is ATTACHED, text is below.

It's also a Facebook event.
<https://www.facebook.com/events/547840751936540/>

See you,
Peggy Pings

=====

You are invited...
"Mon Moon Potluck"

at Twin Spruce Marina on the Mon River!

**Sunday August 18, 2013
Noon-11pm**

Potluck, Swim, Paddle, Bike, Music, Bonfire!
At Twin Spruce Marina, 2 miles south of Morgantown
along the Mon River Rail-Trail at "Uffington Trailhead".

Canoes/kayaks will be unlocked for your use.
Bring instruments, food & drinks to share, swim suit.
Donations are appreciated.

Come early, stay late.

****Friends and family and friends of friends are all welcome.****

Marina Owner & Host: Peggy.Pings@gmail.com, 304-506-6532.

Co-hosted by Fiddle Mike & Katy Shine.

DIRECTIONS – 3 options

1. Map-style Directions (to Uffington Trailhead)-- http://montrails.org/images/trail_map_large.gif

2. Or Bing.com maps will lead you there. 48 Round Bottom Road, Morgantown WV 26508.

3. Or Follow these directions:

a. From Morgantown at corner of Greenbag Road / Rt 119 South at the Morgantown Motel. Go south, down the hill, onto Co Rd 73 (aka Smithtown Rd). Go 1.7 miles. RIGHT at the Twin Spruce Marina sign, and Mon River Trail sign. Go 0.1 mile to the riverfront, crossing the Rail-Trail very slowly so you don't hit anyone. Marina is under the I-79 bridge. Please make yourself at home.

b. From I-79. -Take EXIT 148, merging onto I-68 East, toward Cumberland MD. -Go 1.4 mile. Take the US-119 exit, EXIT 1, toward University Ave/Downtown. -Go 0.3 mile. Turn LEFT onto US-119/Grafton Rd. -Go 1.7 mile. Turn SHARP LEFT (hairpin turn) onto Smithtown Rd (Rt 73 South). (If you get to the -stoplights at Greenbag Rd, you've gone too far). Go down the hill. -Go 1.6 mile. Turn RIGHT onto Round Bottom Rd, at the large 4x8' Twin Spruce Marina sign. -Go 0.1 mile, to the riverfront, crossing the Rail-Trail very slowly so you don't hit anyone. Marina is under the I-79 bridge. Please make yourself at home.

Next Mon Moon Potlucks:

Sat, Sept 21, Sat, Oct 19, Sat, Nov 16. Could be a dock-pulling work party tied into one.

CHARLESTON GAZETTE

August 6, 2013

Report describes Earth's rising temperatures

By [The Associated Press](#)

WASHINGTON -- A new massive federal study says the world in 2012 sweltered with continued signs of climate change. Rising sea levels, snow melt, heat buildup in the oceans, and melting Arctic Sea ice and Greenland ice sheets, all broke or nearly broke records, but temperatures only sneaked into the top 10.

The National Oceanic and Atmospheric Administration on Tuesday issued a peer-reviewed 260-page report, which agency chief Kathryn Sullivan calls its annual "checking on the pulse of the planet." The report, written by 384 scientists around the world, compiles data already released, but it puts them in context of what's been happening to Earth over decades.

"It's critically important to compile a big picture," National Climatic Data Center director Tom Karl says. "The signs that we see are of a warming world."

Sullivan says what is noticeable "are remarkable changes in key climate indicators," mentioning dramatic spikes in ocean heat content, a record melt of Arctic sea ice in the summer, and whopping temporary melts of ice in most of Greenland last year. The data also shows a record-high sea level.

The most noticeable and startling changes seen were in the Arctic, says report co-editor Deke Arndt, climate monitoring chief at the data center. Breaking records in the Arctic is so common that it is becoming the new normal, says study co-author Jackie Richter-Menge of the U. S. Army Corps of Engineers' Cold Regions Research and Engineering Laboratory in Hanover, N.H.

Karl says when looked at together, all the indicators show a climate that is changing over the decades. Individually, however, the story isn't as simple.

Karl says surface temperatures haven't risen in the last 10 years, but he notes that is only a blip in time due to natural variability. When looking at more scientifically meaningful time frames of 30 years, 50 years and more than 100 years, temperatures are rising quite a bit, Karl said. Since records have been kept in 1880, all 10 of the warmest years ever have been in the past 15 years, NOAA records show.

Depending on which of four independent analyses are used, 2012 ranked the eighth or ninth warmest year on record, the report says. Last year was warmer than every year in the previous century, except for 1998 when a record El Nino spiked temperatures globally. NOAA ranks 2010 as the warmest year on record.

They don't have to be records every year, Karl says.

Overall the climate indicators "are all singing the same song that we live in a warming world," Arndt says. "Some indicators take a few years off from their increase. The system is telling us in more than one place we're seeing rapid change."

While the report purposely doesn't address why the world is warming, "the causes are primarily greenhouse gases, the burning of fossil fuels," Arndt says.

The study is being published in a special edition of the Bulletin of the American Meteorological Society.

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Online:

The Climate of 2012 report: <http://www.ncdc.noaa.gov/bams-state-of-the-climate/2012.php>

Seth Borenstein can be followed at <http://twitter.com/borenbears>

EDITORIAL:

August 6, 2013

Warming: Ugly peril

CHARLESTON, W. Va. -- Last week, four major Republicans who each once headed the U.S. Environmental Protection Agency -- William Ruckelshaus, Lee Thomas, William Reilly and Christine Todd Whitman -- called for the GOP to support President Obama's effort to curb carbon pollution that causes global warming. In a *New York Times* commentary, they wrote:

"There is no longer any credible scientific debate about the basic facts: Our world continues to warm, with the last decade the hottest in modern records, and the deep ocean warming faster than the earth's atmosphere. Sea level is rising. Arctic Sea ice is melting faster than projected. ... Climate change puts all our progress and our successes at risk."

Bravo. We hope these influential voices have an impact on Washington's political paralysis.

In June, we shared the tale of Bob Inglis, a conservative Republican former congressman from South Carolina -- and former climate change denier. Now, as executive director of the Energy and Enterprise Initiative at George Mason University, he travels the country to support using market forces to reduce greenhouse gas emissions.

Could it work? Inglis advocates taxing carbon at the source, such as mines and wells. High-carbon energy costs more to produce and to use than the market currently reflects. If those costs were accurately included in the price everyone pays, it would create an incentive to develop cleaner, cheaper energy.

A number of people seem to agree. In May, *The Washington Post* called a carbon tax "an elegant policy Congress could immediately take off the shelf."

"It would make polluters pay for their own pollution, which is the best way to encourage greener thinking," the *Post* said. "It would cut emissions without overspending national wealth on grandiose central planning."

Inglis is among those who would want such a carbon tax to be revenue-neutral. He believes companies that would pay higher taxes on carbon should see other taxes reduced. The goal is to create incentive, not revenue.

But 67 percent of voters think taxing carbon is a better way to reduce the deficit than cutting spending, according to a survey of 1,000 voters conducted for Friends of the Earth. The poll found that 93 percent of Democrats and 66 percent of Republicans approved of such a tax.

Also, the Congressional Budget Office has warned that delaying efforts to cut carbon dioxide emissions could mean "catastrophic" losses for the U.S. economy, as global warming causes more billion-dollar storms, floods and other ravages from climate change.

A carbon tax would have to be deftly handled in places like coal-rich West Virginia to curtail harm to working people and their families. But wouldn't it be great to be part of innovation and the creation of new wealth and industry?

Elected officials who sit in Washington (or Charleston) with their fingers in their ears during discussion of climate change are out of touch. As one of the largest economies in the world, the United States should be leading on this reform.

The Washington Post put it best: "The carbon tax is one of the best ideas in Washington almost no one in Congress will talk about."

THE STATE JOURNAL

WV CNG vehicle fueling stations to be in place soon

Posted: Aug 06, 2013 12:49 PM EST Updated: Aug 06, 2013 12:49 PM EST

By Jim Ross

CHARLESTON, WV — IGS Energy CNG Services is getting closer to fulfilling its promise of enabling people to drive from Charleston to Pittsburgh in a vehicle burning compressed natural gas.

The company's CNG filling station in Bridgeport should be open by Sept. 1, and construction began Aug. 6 on a station in Charleston. One at Jane Lew should be open by the end of the year, said T.J. Meadows, IGS state manager for West Virginia.

Partner companies Chesapeake Energy, Antero Resources and EQT, along with the state of West Virginia, have committed to purchase and operate CNG-fueled vehicles along the Charleston-Pittsburgh corridor, Meadows said as construction began in Charleston.

The fueling stations in West Virginia will provide the infrastructure to persuade others to consider and buy CNG vehicles, he said.

"With the infrastructure in place, it really opens the door for business and consumers alike," Meadows said.

IGS is putting the infrastructure in place and letting the market decide whether it wants CNG vehicles, he said. Meadows said about 250,000 CNG vehicles are in use nationally.

"We've got a better, cheaper, more abundant way to fuel vehicles. The market, we feel, will take advantage of that," he said.

IGS Energy CNG Services announced Jan. 17 that it would construct and operate a \$10 million CNG fueling corridor in West Virginia and Pennsylvania. Three stations would be built in West Virginia and one at Mount Morris, Pa. All will be open to the public.

The CNG corridor was the first announced in West Virginia since the exploitation of natural gas from the region's Marcellus Shale began in the past decade.

CNG offers a 30 percent to 50 percent fuel cost savings when compared to gasoline, Meadows said.

----- Original Message -----

From: Frack Check WV

To: dcsoinks@comcast.net

Sent: Wednesday, August 07, 2013 3:07 AM

Subject: Fracking's Controversial Image Is Your Investment Risk

RE: Range Resources & Cabot Oil & Gas

From the THE MOTLEY FOOL, August 5, 2013

Is fracked natural gas sustainable? Do its public relation risks hinder sound, long-term investing? Companies such as **Cabot Oil & Gas Corporation** and **Range Resources Corp.** are raking in profits from plays in the Marcellus Shale, but before making a long-term investment, I suggest you consider possible changes in states' public policies. The potential for boom and bust in fracked natural gas is similar to public policy's effect on the coal industry.

Companies with large holdings that require fracking (slang for hydraulic fracturing, whereby injected fluid forces open cracks in rock formations), especially in the Marcellus Shale, are paying out for investors. In the last quarter, Cabot Oil & Gas Corporation reported revenue was \$373.3 million, with GAAP reported sales that were 37% above the prior-year quarter at \$272.1 million. Range Resources Corp., likewise, had revenue of \$398.2 million, up 30% from the prior-year quarter's \$322.2 million. Cabot Oil & Gas Corporation and Range Resources Corp. are the top two operators in Pennsylvania, one of the states most open to fracking, where 74 companies operate gas wells. For all intents and purposes, the fracking industry seems like it's at the precipice of a continuing gold rush.

Range Resources Corp. is credited with starting the Marcellus Shale boom, and in 2011 sold all its North Texas Barnett Shale holdings to ramp up Marcellus production. The company's strategy magnifies the importance of public policy for its future, now that it's staked its future on the play. Its well count in the Marcellus is over 500 now, and the company expects production growth averaging 20% to 25% each year for the near future. Analysts believe that Range could reach 1.6 billion cubic feet of gas in about three years, and doubling that over time, 3 billion in six years, to surpass the U.S. record for a single year's output. Be wary of those figures, as they're based on assumptions about present production.

Cabot Oil & Gas Corporation too is heavily involved in the Marcellus; the company operates 226 wells in the formation and is starting a sixth rig in 2014. Cabot Oil & Gas Corporation CEO and President Dan O. Dinges expects capital spending to approximate cash flow this year. Cash flow at Range Resources Corp., meanwhile, is expected to outpace capital spending.

Both companies have seen huge jumps in earnings: in the third quarter, Range Resources Corp. saw revenue increase by 50% to \$673.4 million, while Cabot Oil & Gas Corporation reported a 40% increase in net income, up to \$89.1 million from \$35.9 million.

But let's hit the brakes for a second and consider the public relations crisis in the industry right now, and its effect on public opinion and policy.

Industry image problems

Coal saw its boom, and then as those supplies waned, companies invented Mountaintop Removal, a destructive practice meant to mine thin seams of coal. With fracking, we have a practice that's as lambasted, but much more widespread, so any negative PR also covers more ground. MTR was regional, fracking is national. The public relations problems surrounding fracking originate in both secrecy and in tactics used to save money at the expense of image. Let's talk tactics first. The gas rights grab means less-reputable gas landmen may lie to save money. **Recent news** headlines include one about an Ohio Amish family, who sold their gas rights and received much lower prices per acre than neighbors. They can't sue due to religious beliefs, a fact lawyers in the case say is relied on by some companies. The same article mentions an Amish lawsuit involving leasing rights, against **Columbia Gas Transmission**.

Why should we worry about the isolated cases in this article? With time, they build up and create a synergy corruption effect. Suddenly, Chesapeake, Cabot and Columbia all mire into one big tangled ball in the public's minds. As for secrecy, gas companies have been remiss in publicly stating the chemical makeup of fracking fluid. Kansas has forwarded legislation to force a **limited disclosure** of those chemicals. Pennsylvania and 10 other states require that companies list their fracking liquid ingredients on FracFocus, but a **Harvard study** just found serious flaws in that database. Some other folks have been pretty upset about fracking too, for a while now.

Did you really think I would leave out Josh Fox and Gasland, and now Gasland 2? I've watched both movies, and like many others, I have concerns about polluting the water supply. Gasland 2 has shown on HBO, and they have about 114 million subscribers worldwide. That's viewing potential. Add the watch parties held nationwide and that's more potential for message distribution. At the Pittsburgh premiere alone, 1,700 people showed up. Whatever your view on the movies, the message has reached a general viewing audience.

Public policy problems

The reaction to fracking has varied drastically among states. In New York, a moratorium on fracking that started in 2008 is still in effect, with no foreseeable change. North Carolina just extended its own moratorium on onshore fracking, as many other states continue allowing the practice with no restrictions other than **counting violations**. The biggest unknown for fracking is the federal Environmental Protection Agency study that concludes in 2014. The EPA is studying potential impacts on human health, drinking water, and what happens to chemicals used in fracking, including processing and disposal. The preliminary report issued in 2012 is **available here**, but lacks any preliminary results. New EPA head **Gina McCarthy** has said states should regulate fracking practices, but we can assume the EPA study results will impact or change some states' policies. Early findings suggest that some well water in Dimock, Pa., is unsafe for drinking, as a direct result of fracking, according to an **internal EPA staff report** just obtained by the media. The report directly conflicts with statements made by Cabot Oil & Gas.

Investing that considers risk

Natural gas prices are trending downward, for reasons of weather and market saturation, but the industry is still a smart investment. I suggest completing a thorough study of company reputation before making a long-term investment. First, where are the company's holdings, not just the formation, but also the state? What track record does the company have with both environmental violations and with landowners leasing to it? And don't forget to consider liquidity versus assets. For instance, **Chesapeake Energy Corporation** just sold **\$1 billion** worth of interests in gas lands to improve company liquidity and is veering toward more **oil production**. **Chesapeake Energy** has sold off a total \$3.6 billion of interests, with plans for more asset sales totaling \$2 billion to \$4 billion. The company has already sold some of its Marcellus Shale holdings and, surprisingly, some oil holdings, while capital expenditures are down 43% this year. The company is focusing on those properties that provide the highest ROI, and emerging policies and gas prices could dictate if its next asset divestiture is in oil or gas lands.

Gretchen Stone has no position in any stocks mentioned. Gretchen is a member of The Motley Fool Blog Network — entries represent the personal opinion of the blogger and are not formally edited. The article **Fracking's Controversial Image Is Your Risk** originally appeared on Fool.com as written by Gretchen Stone.

Monroe County Steel Mill Planned

Railroad service added to 122-acre industrial park

August 7, 2013

By CASEY JUNKINS - Staff Writer , The Intelligencer / Wheeling News-Register

HANNIBAL - To support the burgeoning oil and natural gas industry, a company plans to invest \$30 million for a new steel mill inside the building that once housed the Ormet Aluminum Rolling Mill.

As employees and retirees of Ormet Corp. wait to learn the fate of the Primary Aluminum Reduction Plant, the property that once housed the company's rolling mill is now home to several smaller companies that employ a total of nearly 300 people, according to Monroe County Economic Development Director Jason Hamman.

"The shale industry has been a blessing to steel," said Hamman, citing reports of mills that reopened in Youngstown, Ohio, to support the Marcellus and Utica shale drilling boom. "The drilling companies have to get their steel from somewhere."

Article Photos

Photo by Casey Junkins

The Hannibal Industrial Park in Monroe County, site of the former Ormet Rolling Mill, should soon be home to a \$30 million steel rolling mill that should create 50 jobs.

The 122-acre site that once featured the rolling mill is now known as the Hannibal Industrial Park, owned by Hannibal Real Estate LLC since the company purchased it from Ormet in 2007. Within 20 miles of the site in any direction, one will find companies such as Chesapeake Energy, Antero Resources, Magnum Hunter Resources, Gastar Exploration, Gulfport Energy, Chevron and others drilling and fracking wells.

Companies now operating at the park include Artco Group, which operates a heavy plate steel service center and a steel fabrication center geared to the oil and gas industry; Voith Hydro; Triple J Oilfield Services; Salvus Trucking; and McKees Rocks Industrial Enterprises.

"Because of the instability at Ormet, Monroe County needs to diversify its economy. We feel we are doing that," said Hamman.

In July, the Ohio Rail Development Commission approved a \$100,000 grant, as well as a \$262,225 loan, for railroad construction and renovation at the park. According to the commission, Hannibal Real Estate is investing \$30 million to place a steel rolling mill in the facility that once housed Ormet's rolling mill. The new steel project should create about 50 jobs, Hamman said.

David Reid, managing director of Hannibal Real Estate, said he could not provide more specific information about the steel mill Tuesday, citing a confidentiality agreement.

This railroad grant follows the recent activation of the 12.2-mile Omal railway line in Monroe County. The Ohio Terminal Railway Co. will operate as a common carrier short line railroad connecting with the Norfolk Southern Railway.

Hamman said expanded rail service at the site should stimulate economic growth and development in Monroe County, while also supporting the existing manufacturing base.

"There is long-term production potential for this facility," he added

by Barbara Miller
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Washington Co.

Goodall prevails over coal company in Superior Court case

Tuesday, August 6, 2013

Superior Court decided a dispute over coal washing and an escrow account that goes back several years, affirming a verdict in favor of the owner of mineral rights in Robinson Township, in part because Robinson Coal Co. belatedly raised the claim that the coal-washing operation was illegal.

Robert B. Goodall of Bulger again prevailed over Robinson Coal Co. of Neville Island, which took him to court in 2009.

The coal company entered into a contract to remove coal from property owned by Michael F. Parees and Robert M. Frame at 724 Midway-Candor Road for which Goodall owned mineral rights. It acquired the right to mine Goodall's coal, and any coal removed from the Frame property that was not saleable without first being washed was to be delivered to Goodall's washing plant and cleaned for a fee of \$9 per ton, according to a 1999 agreement.

Robinson also had to give Goodall a production royalty of \$1.50 per ton of coal mined, and as a security for Robinson's performance of its contractual obligations, it agreed to deposit with Goodall 50 cents per ton to be held by Goodall in a separate interest-bearing account until Robinson completed mining operations on the Frame property, known as the "Roman" site. At that point, when Robinson had paid its obligations to Goodall, it was to split the money in the account with Goodall, according to the Superior Court opinion filed last week by Judge Mary Jane Bowes.

Robinson began mining operations in January 2000 and completed them in August 2002, stating in its lawsuit that it left 192,000 tons of coal at Goodall's washing facility. It filed suit over two issues including the return of any coal remaining on Goodall's land, or if the coal had been sold, its fair market value. The coal company also claimed Goodall had breached the contract over the division of money in the escrow account.

Goodall, in separate suit, asserted Robinson forfeited its right to the escrowed money because the company did not mine the Frame property to exhaustion and because it refused to accept the return of the washed coal that was left at Goodall's coal washing plant. In a counterclaim, Goodall alleged that Robinson breached the contract by refusing to accept the stockpiled coal and failing to deposit the 50 cents-per-ton fee. In a trial, the jury concluded that neither side breached the contract and declined to award damages to either Goodall or Robinson Coal Co. The trial court concluded that Robinson was entitled to half the amount of money in escrow, \$118,366 plus interest. Both parties filed appeals and Goodall maintained that Robinson was not entitled to the escrow money. Superior Court in 2008 reinstated the jury's verdict and the state Supreme Court did not hear an appeal.

The case then went to nonjury trial, in which the judge found both causes of action were barred by the statute of limitations.

"Since the coal in question is legally considered personal property, the trial court correctly applied the two-year statute of limitations," Bowes wrote in a nine-page opinion, because Robinson ceased mining in 2002 and therefore had to seek a legal remedy by 2004.

Robinson also claimed that Goodall's coal-washing operation was "illegal," preventing him from raising any defense to the breach-of-contract dispute. Robinson waived this illegality defense by failing to raise it in previous litigation, Bowes wrote in affirming the judgment.

Hearing the case along with Bowes were Judge Anne E. Lazarus and Senior Judge Robert E. Colville.

Goodall has been active in local politics, last running a failed write-in campaign for Robinson Township supervisor in 2005.

Property owned by Michelle Parees and Frame off Midway-Candor Road is also the subject of litigation between Robinson Township and Range Resources, which wants to drill in the Marcellus Shale for natural gas. The township denied Range's request, and this matter, the subject of hearing in Washington County Court in late April, has not been resolved.

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by Mike Jones
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Washington Co.

Judge: No personal conflict in compressor station ruling

Tuesday, August 6, 2013

A Marcellus Shale compressor station

The Washington County judge who upheld Cecil Township's ruling to deny a natural gas compressor station there rejected the assertion that he should recuse himself from the case because of perceived conflicts of interest involving Marcellus Shale.

Washington County Judge John DiSalle said the township's zoning board was correct in its assessment that the compressor station should not be permitted at the 71-acre industrial site near a residential area.

MarkWest and Range Resources are appealing DiSalle's decision to the state Commonwealth Court, which forced the judge to explain his Jan. 21 ruling in a 14-page opinion.

The crux of rebuttal from the natural gas production companies is that DiSalle could not be impartial with his ruling since his wife, Diane, was involved with the Peters Township Marcellus Shale Awareness Group. Range previously asked DiSalle to recuse himself from similar litigation in Robinson Township because of the perceived conflicts.

However, DiSalle swatted away that assertion, calling the appeal's reasoning "disingenuous at best" and adding that ruling on zoning board was appropriate. He added in his opinion that Range made a "belated challenge" to intervene in the matter when it appealed on Feb. 20, a day after MarkWest filed its intention to appeal the decision.

"It is apparent from this delay that Range Resource's belated challenge to the lower Court's ability to be impartial is nothing more than a bald attempt at forum shopping," DiSalle wrote in his opinion on July 30.

Diane DiSalle was involved with the Marcellus Shale group that collected more than 2,400 signatures to have a referendum placed on the November 2011 ballot to amend Peters Township's home rule charter. It would have prohibited gas drilling and related gas drilling activity, such as the installation of pipelines and compressor stations, but was defeated at the polls.

The legal wrangling with the Cecil Township compressor station goes back to March 31, 2011, when the municipality's zoning board denied the application for a special exception because the facility did not have the "same general character" of permitted uses in that industrial area.

The facility would have included 35-foot structure with up to eight internal combustion stations and five to eight condensate and salt water tanks. The station would have operated continuously every day of the week.

DiSalle opined that the zoning board interpreted the township's laws correctly and its ruling was appropriate.

“(The court) concluded that the (zoning hearing board) vigilantly considered all of the relevant evidence and used sound discretion in reaching the conclusion that MarkWest had failed to meet its burden to demonstrate that the proposed compressor facility was of the same general character of other permitted uses within (the industrial zone),” DiSalle wrote.

The appeal is now headed to Commonwealth Court to make a ruling on the case.

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